

IRS News Release

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IRS to Raise Some User Fees in 2006

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WASHINGTON — The Internal Revenue Service today announced increases in selected user fees for 2006. The new fee structure will more accurately reflect the costs of processing various applications, ruling requests and opinion letters.

The Office of Management and Budget has directed federal agencies to charge user fees reflecting the full cost of goods or services “that convey special benefits to recipients beyond those accruing to the general public.”

The fee increases announced today affect a limited population of taxpayers and tax-exempt entities with technical questions or procedural issues.

User fees will be effective Feb. 1, 2006, except as noted. Among the changes:

- The fee for IRS Chief Counsel private letter rulings will increase from \$7,500 to \$10,000. Under the new fee schedule, taxpayers earning less than \$250,000 can request a private letter ruling for a reduced fee of \$625 while a fee of \$2,500 will apply to requests from taxpayers earning from \$250,000 to \$1 million.
- The fee for requests for changes in accounting methods for businesses will increase from the previous \$1,500 to \$2,500.
- For corporate taxpayers, the cost of a pre-filing agreement will increase from the previous three-tiered structure, which was capped at \$10,000, to a new flat fee of \$50,000. Also, Advance Pricing Agreements, which previously cost from \$5,000 to \$25,000, will now cost from \$22,500 to \$50,000.
- For employee plans, fees for opinion letters on prototype IRAs, SEPs, SIMPLE IRAs and Roth IRAs, which were previously \$125 to \$2,570, will now range from \$200 to \$4,500. Fees for exempt organizations rulings, which previously cost \$155 to \$2,570, will now range from \$275 to \$8,700.

Some other user fees in the exempt organizations and employee plans area will increase July 1. For example, user fees for exempt organization applications and requests for group exemption letters, which currently range from \$150 to \$500, will increase to \$300 to \$900.

Advance listings of the Feb. 1 and July 1 fee increases for these areas are attached. More information on increases in user fees will be published in Revenue Procedures 2006-1 and 2006-8, which will appear in Internal Revenue Bulletin 2006-1 on Jan. 3, 2006.

The increase in the fees for Advance Pricing Agreements is described in a separate revenue procedure, Revenue Procedure 2006-9, which is being released today and will appear in Internal Revenue Bulletin 2006-2 on Jan. 9, 2006.

Additional updates on user fees will be announced later.